

LIBERTY SCHOOL DISTRICT No. 362
Spokane County, Washington
September 1, 1994 Through August 31, 1995

Schedule Of Federal Findings

1. District Officials Should Monitor Supplanting Requirements For Federal Handicapped Programs

For the fiscal year ending August 31, 1995, the aggregate amount of state and local funds expended by the district for the education of handicapped students was \$3,549 less than the respective amount spent in the most recent preceding fiscal year. Although less state and local funds were expended, overall expenditures of the program remained the same as the prior period. Federal handicapped funds are to supplement and, to the practicable, increase the level of state and local funds expended, and in no case to supplant the state and local funds. The federal handicapped funds are provided to be additional to the state and local funds spent for the education of handicapped children.

34 *Codification of Federal Regulations* (CFR) Section 300.230 states in part:

The total amount or average per capital amount of state and local funds budgeted by the local educational agency (district) for expenditures in the current year for the education of handicapped children must be at least equal to the total amount or per capita actually expended for the education of handicapped children in the most recent preceding fiscal year for which the information is available.

Although the district officials budgeted for the current fiscal year in an amount in aggregate and/or average per capita at least equal to that actually spent in the most recent preceding year, they did not actually spend as much as in the preceding year either in the aggregate or average per capita amount.

The amount of supplanted expenditures is the lesser of the amount of decrease in aggregate expenditures or average per capita amount, whichever method brought the district closer to the nonsupplanting requirement.

This condition occurred because district officials did not have procedures to monitor the actual expenditures of the handicapped programs.

Supplanting of costs within this program means that the handicapped children did not receive an increased level of services over those provided in the previous year.

We recommend that district officials supplement the federal handicapped program by spending state and local funds in an amount at least equal in the aggregate or average per capita for the education of handicapped children in the current year as it did in the preceding year.

We further recommend that district officials develop and implement monitoring procedures to ensure that the current level of spending from state and local funds is in compliance with the nonsupplanting requirement.

We also recommend that OSPI review this condition and ensure that appropriate action was taken for the resolution of the financial impact of the supplanted funds.